



## City of Biggs

### **Agenda Item Staff Report for the Regular City Council Meeting: April 16, 2012 6:00PM**

DATE: March 30, 2012  
TO: Honorable Mayor and Members of the City Council  
FROM: Pete Carr, City Administrator  
SUBJECT: City Rate for Electric Utilities (Discussion/Action)

Council is asked to consider approving establishment of a new electric rate designed for City-owned facilities.

#### **Background:**

The City has traditionally charged itself full commercial rates for use of electric power at 20 of its 22 City-owned facilities including water wells and the wastewater treatment plant. Two facilities, due to the type of meter at the location, have additionally been charged industrial demand meter rates including the standard customer charge and demand charges -- approximately doubling the bill. The effect of this rate application has been to unnecessarily transfer as expenses substantial funds from respective enterprise and general fund accounts to the electric fund.

State surcharges and Public Benefits charges are required on all accounts.

Staff has suggested and the Council has concurred that the City should establish for itself a special City electric rate for its owned facilities and operations. This report proposes a rate structure intended to cover the direct cost of providing the energy without any extra overhead. It is understood that City facilities are more readily serviced than other customer accounts, and are operated for the common good and benefit of all residents.

The proposed rate acknowledges the typical at-the-meter cost to the City (typically approximately 3.0 to 5.0 cents per kWh), and the absence of normal account expenses such as customer education, deposits, billing, collection, transactions, etc. The proposed new rate structure represents the "fair share" contribution of City entities to the City electric utility, covering both direct operations and capital asset maintenance.

Council may wish to consider whether the City rate should apply to any other public and/or not-for-profit customers.

Attachments (3):

1. Current city electric rates for commercial businesses (C1)
2. Recent City utility summaries
3. Proposed City rates (C2)
4. Resolution No. 2012-03

**Recommendation:**

Adopt Resolution 2012-03, "Resolution of the City Council of the City of Biggs Establishing the Electric Utility Service Rate for Public Facilities of the City of Biggs, Effective April 16, 2012." Direct staff as to whether the City rate should apply to any customers other than the City.

**Fiscal Impact of Recommendation:**

No bottom-line impact to the City budget. Savings in expenses to general, water and wastewater funds will be offset by reduced revenues to the electric fund.

## CITY OF BIGGS – FEE SCHEDULES

### ELECTRIC UTILITY SERVICE RATES – COMMERCIAL 2008-2009 FISCAL YEAR (SCHEDULE C1)

**AUTHORITY:** Resolution No. 2003-25; Council Motion – 06/25/07 ; Resolution No. 2008-18

**EFFECTIVE DATE:** July 21, 2008 (applied to July bills in August, prorated)

**COROLLARY**

**REFERENCE:** Section 10.25.060 Biggs Municipal Code

CATEGORY	RATES	AMOUNT
Customer Charge	Per Active Meter per Month	\$5.80
Energy Charge per kWh	First 6,000 kWh	\$0.1856
	6,001 to 12,000 kWh	\$0.1747
	Over 12,000 kWh	\$0.1701

**CONDITIONS:**

1. This Schedule is applicable to Commercial. Meter readings for service under this schedule may be combined for the convenience of the city where multiple metering now exists. All new customers shall be served through one meter.
2. All commercial accounts shall be separately metered. Where commercial accounts are master metered, the customer charge will be the number of businesses times the above Customer Charge. Each energy block shall be multiplied by the number of businesses served.
3. The minimum charge for connected welder load shall be \$5.8 per month plus \$1.50 per KVA.
4. The minimum charge for polyphase service shall be \$5.80 per month plus \$1.50 per KVA connected welder load and per horsepower of polyphase connected motor load. Sum of these charges.
5. For customers who use services for part of the year, this Schedule is applicable only on an annual contract.

## Biggs City Electric Expenses - Summary

Based on FY 10-11 Actual

Showing impact of proposed City electric rate

<u>Dept</u>	<u>Electricity Expense</u>	<u>Status - Trends</u>	<u>Impact of City Rate</u>	<u>% of Expenses</u>
Water	\$28,603	Stable	-\$20,594	-10.2%
Sewer	\$15,588	Increasing (aerators)	-\$11,223	-4.8%
Electric	\$108	Meters, substation	-\$78	-0.03%
General	<u>\$16,499</u>	78% is now allocated	<u>-\$11,879</u>	-2.0%
TOTAL	\$60,798			
Reduced revenue to Electric Fund			\$43,775	= 1.7% reduced revenue

Note 1: Streetlights are not metered, not included

Note 2: Library and Fire dept are charged to admin/general fund

Note 3: Impact assumes 5¢/kWh rate

Note 4: % of Expenses = Operational Expenses (before debt service)

## CITY OF BIGGS – FEE SCHEDULES

### ELECTRIC UTILITY SERVICE RATES – CITY FACILITIES (SCHEDULE C2)

**AUTHORITY:** Resolution No. 2012-\_\_\_; Council Motion – 04/16/12

**PROPOSED**

**EFFECTIVE DATE:** May 15, 2012

**COROLLARY  
REFERENCE:** Section 10.25.060 Biggs Municipal Code

CATEGORY	RATES	AMOUNT
Energy Charge per kWh	All kWh Usage	\$0.046

**CALCULATION:**

The rate is derived from Biggs' basic at-the-meter cost (3.266 cents per kilowatt for 2011 per the established City net metering rate formula) plus 40% to account for fixed asset cost contribution.

**CONDITIONS:**

1. This Schedule is applicable to City-owned facilities to include water and wastewater operations, lift stations, parks, city hall, community hall, public works shop and corporate yards. This also includes street lights to the extent the lights are metered.
2. This rate is not applied to City-owned residences rented or leased to others.
3. Electric charges of enterprise operations will be charged to the respective enterprise funds.
4. There is no minimum monthly charge, "customer charge" nor demand charge for City facilities.

**RESOLUTION NO. 2012-03**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BIGGS  
ESTABLISHING THE ELECTRIC UTILITY SERVICE RATE  
FOR PUBLIC FACILITIES OF THE CITY OF BIGGS,  
EFFECTIVE APRIL 16, 2012**

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**WHEREAS**, the City of Biggs for reasons set out in the Report to Council, it has been recommended that the City Council adopt a new electric utility rate as set forth in Exhibit "A" attached hereto; and

**WHEREAS**, the City Council has carefully considered this recommendation, and reviewed the existing electric utility rate structure; discussed said matter in an open public meeting; and

**WHEREAS**, the City Council deems it to be in the best interest of the City of Biggs to establish a new, electric rate as proposed;

**NOW, THEREFORE, IT IS HEREBY RESOLVED** that the City Council of Biggs, hereby approves establishment of a City facilities rate, effective April 16, 2012.

**BE IT RESOLVED**, by the City Council of the City of Biggs as follows:

1. Staff will appropriately amend the Electric Utility Schedule by adding C2 Commercial.
2. The purpose of the increase is as follows: meeting operating expenses including power supply and capital asset maintenance.

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**I HEREBY CERTIFY** that the foregoing **RESOLUTION** was duly introduced, passed and adopted at a regular meeting of the City Council of the City of Biggs, held on the 16<sup>th</sup> of April, 2012, by the following vote:

AYES: COUNCILMEMBER \_\_\_\_\_

NOES: COUNCILMEMBER \_\_\_\_\_

ABSENT: COUNCILMEMBER \_\_\_\_\_

ABSTAIN: COUNCILMEMBER \_\_\_\_\_

ATTEST:

APPROVED:

\_\_\_\_\_  
Roben Dewsnap  
CITY CLERK

\_\_\_\_\_  
Roger L. Frith  
MAYOR